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Whitestone REIT  
Form 10-Q  
August 13, 2009  
UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-Q  
(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 or 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2009

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 000-50256  
WHITESTONE REIT  
(Exact Name of Registrant as Specified in Its Charter)

Maryland  
(State or Other Jurisdiction of  
Incorporation or Organization)

76-0594970  
(I.R.S. Employer  
Identification No.)

2600 South Gessner, Suite 500  
Houston, Texas  
(Address of Principal Executive Offices)

77063  
(Zip Code)

(713) 827-9595  
(Registrant's Telephone Number, Including Area Code)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.  Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).  Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

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Non-accelerated filer (Do not check if a smaller reporting company)  Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes  No

As of August 13, 2009, the registrant had outstanding 10,337,307 Common Shares of Beneficial Interest, \$0.001 par value per share.

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## PART I. FINANCIAL INFORMATION

## Item 1. Financial Statements

WHITESTONE REIT AND SUBSIDIARIES  
CONDENSED CONSOLIDATED BALANCE SHEETS

(in thousands, except share data)	June 30, 2009 (unaudited)	December 31, 2008 (revised)
<b>ASSETS</b>		
Real estate assets, at cost:		
Property	\$ 191,139	\$ 180,397
Accumulated depreciation	(31,732 )	(29,550 )
Total real estate assets	159,407	150,847
Cash and cash equivalents	14,018	12,989
Escrows and acquisition deposits	3,036	4,076
Accrued rent and accounts receivable, net of allowance for doubtful accounts	5,617	4,880
Unamortized lease commissions and loan costs	4,299	4,338
Prepaid expenses and other assets	978	815
Total assets	\$ 187,355	\$ 177,945
<b>LIABILITIES AND EQUITY</b>		
Liabilities:		
Notes payable	\$ 109,409	\$ 100,003
Accounts payable and accrued expenses	6,652	7,422
Tenants' security deposits	1,659	1,629
Dividends and distributions payable	1,775	1,719
Total liabilities	119,495	110,773
Commitments and contingencies:		
Equity:		
Preferred shares, \$0.001 par value per share; 50,000,000 shares authorized; none issued and outstanding as of June 30, 2009 and December 31, 2008	-	-
Common shares, \$0.001 par value per share; 400,000,000 shares authorized; 10,337,307 and 9,707,307 issued and outstanding as of June 30, 2009 and December 31, 2008, respectively	10	10
Additional paid-in capital	69,566	69,188
Accumulated deficit	(25,490 )	(23,307 )
Total Whitestone REIT shareholders' equity	44,086	45,891
Noncontrolling interest in subsidiary	23,774	21,281
Total equity	67,860	67,172
Total liabilities and equity	\$ 187,355	\$ 177,945

See notes to Condensed Consolidated Financial Statements



WHITESTONE REIT AND SUBSIDIARIES  
 CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME  
 (Unaudited)

(in thousands, except per share data)	Three Months ended June 30,		Six Months ended June 30,	
	2009	2008 (revised)	2009	2008 (revised)
<b>Property Revenues</b>				
Rental revenues	\$ 6,572	\$ 6,236	\$ 13,077	\$ 12,463
Tenants' reimbursements and other property revenues	1,631	1,514	3,170	3,043
<b>Total property revenues</b>	<b>8,203</b>	<b>7,750</b>	<b>16,247</b>	<b>15,506</b>
<b>Property expenses</b>				
Property operation and maintenance	2,205	2,188	4,583	4,311
Real estate taxes	1,063	925	2,112	1,933
<b>Total property expenses</b>	<b>3,268</b>	<b>3,113</b>	<b>6,695</b>	<b>6,244</b>